

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

FISCAL YEAR ENDED SEPTEMBER 30, 2008

(In Thousands)

Net change in fund balance - total governmental funds \$ 131,789

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.
(Note 9)

Land and other non-depreciable assets	108,258	
Buildings, equipment, and other depreciable assets	42,963	
Infrastructure additions	100,220	
Construction in progress	144,083	
Gain on disposal of capital assets	30,505	
Accumulated depreciation	<u>(136,520)</u>	289,509

Certain revenues that were reported as resources in the funds but were earned in prior fiscal years are not reported in the Statement of Activities. 15,886

Amount due to component units for long-term loans are not reported in the funds as they are not due and payable. (7,824)

Increase in equity interest in joint ventures. (Note 7) 422

Tax revenues that were reported as resources in the funds but were earned in prior fiscal years are not reported in the Statement of Activities. (84,961)

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities. 37,267

Bond proceeds provide current financial resources to governmental funds by issuing debt which increases long-term bonded debt in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term bonded debt in the Statement of Net Assets. This is the amount proceeds exceed repayments. (Note 13)

Bond proceeds and premiums received	(549,499)	
Repayment of bond principal	238,371	
Payment to refunded bond escrow agent	361,879	
Discount on bond issuances	3,309	
Accrued interest and amortization	(19,667)	
Deferred issue costs	<u>4,793</u>	39,186

Certain expenditures are reported in the funds. However, they either increase or decrease long-term liabilities reported on the Statement of Net Assets and have been eliminated from the Statement of Activities.
(Note 15)

Net pension obligation	50,188	
Net other postemployment benefit obligation	(609,482)	
Capital lease payments	17,580	
Compensated absences payments	6,553	
Litigation recoveries, settlements and payments	22,384	
Workers' compensation	1,360	
Other	<u>6,557</u>	(504,861)

Change in net assets of governmental activities \$ (83,588)

The accompanying notes are an integral part of the financial statements.